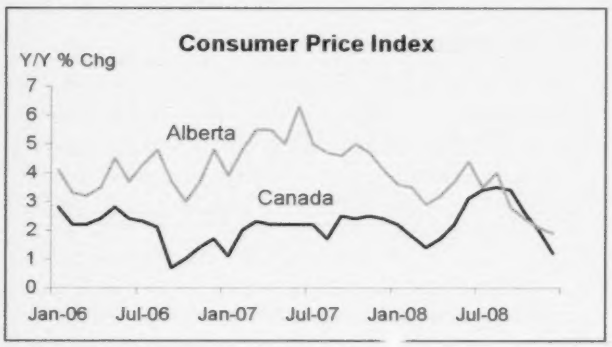
Consumer Price Index

Inflation continued to moderate in December...

In December, Alberta's annual inflation rate moderated to 1.9%, while Canada's eased to 1.2%. Increases in food, electricity, and natural gas prices, were offset by steep declines in gasoline, clothing, furniture, and vehicles. In 2008, inflation averaged 3.1% in the province, down from 5.0% in 2007. Nationally, inflation rose to 2.3% in 2008 from 2.2% in 2007.



Retail Sales

Retails sales continued their decline...

In November, retail sales fell 1.6% in Alberta and 2.4% in Canada from the month before. The decline was the result of lower gasoline prices and a significant decline in auto sales. In the first eleven months of 2008, Alberta retail sales increased 0.6% over the same period in 2007.

Wholesale Trade

Wholesale sales slipped in November...

In November, Alberta's wholesale sales fell 1.9% from the previous month. Despite recent weakness, wholesale sales were up 10.5% in the first eleven months of 2008. Nationally, wholesale sales fell 1.6% on a month-over-month basis as a result of weaker exports.

Manufacturing Shipments

Manufacturing shipments fell in November...

Alberta manufacturing shipments fell 8.8% from the previous month with petroleum and coal (-15.2%) and chemical (-31.7%) shipments experiencing the largest monthly declines. Year-to-date, manufacturing shipments have risen 8.4% over 2007. Nationally, manufacturing shipments fell 6.4% from October and inventories fell 0.6%.

Canadian Dollar (US¢/CS)	
January 23, 2009	80.13
January 16, 2009	79.73
2008-09 YTD	91.81
WTI Oil US$/bbl	
January 22, 2009	$ 43.67
January 15, 2009	$ 35.40
2008-09 YTD	$ 96.36
Nymex Natural Gas CS/MMBtu *	
February Contract	
January 23, 2009	$ 5.82
January 16, 2009	$ 6.13

* Estimate based on Nymex Futures Market Price

Farm Product Price Index

FPPI continues downward trend in November...

The prices received by Alberta's farmers declined 3.2% from October. Both crops and livestock posted monthly declines with hog prices leading the charge, down 17.1% from the month before. Despite recent weakness, farm prices were up 12.4% in the first eleven months of 2008 over the same period in 2007.

Financial Markets

Bank of Canada cuts rates...

Citing a further deterioration in economic indicators and easing inflation, the Bank of Canada cut its overnight rate by 50 basis points to 1.0%, a record low. In its Monetary Policy Report update, the Bank of Canada stated that Canada is now in recession and that it expects the economy to contract by 1.2% in 2009, but rebound in 2010 with 3.8% growth.

This week, stock markets experienced a surge in volatiliy on fears of weak global growth and renewed concerns over the banking sector. Chinese real economic growth slowed to an annualized rate of 6.8% in the fourth quarter of 2008, down from annual growth of 13.0% in 2007.

Alberta CURRENT ECONOMIC INDICATORS

January 23, 2009

Overall Economy	2006	2007	2008YTD*	(year-over-year % change unless otherwise noted) July	August	Sept	Oct	Nov	Dec
Real GDP (in 2002 $billions)	181.8	187.5	--	--	--	--	--	--	--
% change	6.1	3.1	--	--	--	--	--	--	--
Nominal GDP ($ billions)	239.6	258.9	--	--	--	--	--	--	--
% change	8.7	8.1	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,421	3,511	3,585	3,585	--	--	3,611	--	--
% change	3.0	2.6	2.1	2.1	--	--	2.4	--	--
Net Interprovincial Migraton[1] (level)	45,795	33,809	10,010	6,730	--	--	4,927	--	--
Net International Migration[1] (level)	15,646	16,136	19,283	6,340	--	--	4,907	--	--
Net Non-permanent Residents[1] (level)	5,633	13,539	17,890	7,099	--	--	8,061	--	--
Labour Market									
Employment (000's)	1,871	1,959	2,013	2,011	2,007	2,024	2,039	2,035	2,019
% change	4.8	4.7	2.8	2.2	2.0	2.5	3.1	3.2	1.5
Unemployment Rate (%)	3.4	3.5	3.6	3.6	3.5	3.8	3.7	3.4	4.1
Average Hourly Wage Rate	6.9	6.0	5.7	4.7	5.3	5.5	6.2	5.0	4.1
Average Weekly Earnings	4.9	4.5	4.9	3.3	5.3	5.8	4.3	--	--
Labour Income[2]	12.7	11.4	8.6	8.2	8.3	8.2	--	--	--
Price Indices									
Consumer Price Index	3.9	5.0	3.1	3.5	4.0	2.8	2.4	2.1	1.9
Excluding food and energy	4.0	4.9	1.9	1.5	1.5	1.1	1.3	1.8	1.7
Non-Res. Const. Cost Index[3] (quarterly)	12.2	17.3	14.7	15.7 (Q2)	--	--	16.1 (Q3)	--	--
Farm Product Price Index	-0.7	13.5	12.4	30.8	14.9	-0.5	0.5	-1.8	--
Crops	1.4	39.5	31.9	63.5	16.4	-4.5	-9.8	-13.5	--
Livestock	-2.4	0.8	0.8	11.1	10.5	9.8	13.4	14.2	--
Household Sector									
Housing Starts (SAAR, 000's)	49.0	48.3	30.0	28.9	23.7	24.6	26.2	21.5	21.0
% change	19.9	-1.3	-37.6	-35.6	-51.5	-56.8	-47.9	-53.2	-44.6
New Housing Price Index	38.2	22.5	1.3	-2.7	-3.3	-3.4	-4.5	-5.1	--
Edmonton	28.9	32.1	1.9	-5.3	-5.7	-5.8	-7.7	-7.9	--
Calgary	43.6	16.2	1.1	-0.3	-1.1	-1.2	-1.6	-2.5	--
MLS Average Resale Prices	30.9	24.3	-1.4	-5.2	-5.2	-5.0	-3.7	-4.2	-7.4
Edmonton	30.0	34.3	-2.0	-5.3	-4.8	-5.6	-8.6	-2.0	-5.7
Calgary	38.6	18.7	-2.9	-7.8	-8.0	-6.0	-5.6	-6.0	-9.4
Retail Sales	15.4	9.3	0.6	0.6	-3.1	2.1	3.1	-5.7	--
New Motor Vehicle Sales	11.9	3.3	-5.8	-6.0	-13.5	-1.9	-2.6	-11.5	--
Business Sector									
Public and Private Investment[4]	18.3	4.9	3.8	--	--	--	--	--	--
Mining and oil and gas[4]	16.2	-5.5	-0.8	--	--	--	--	--	--
Rigs Drilling	-2.6	-35.2	-2.1	-1.7	10.7	6.9	18.4	3.5	-10.2
Goods Exports (customs based)	1.9	5.5	37.9	69.3	45.4	52.5	47.1	17.2	--
Energy	-0.5	4.4	47.0	93.8	55.1	66.1	56.2	19.3	--
Agriculture	9.4	12.4	28.9	23.2	21.5	24.3	31.3	35.4	--
Total Farm Cash Receipts (quarterly)	-0.4	11.9	18.4	23.6 (Q2)	--	--	--	18.4 (Q3)	--
Manufacturing Shipments	6.5	1.9	8.4	22.2	10.1	21.0	8.9	-4.3	--
Wholesale Trade	13.0	4.5	10.5	14.5	11.7	21.4	14.8	6.8	--
Building Permits	36.0	13.4	-15.4	-14.9	-34.0	-12.2	-43.9	-14.5	--
Residential	34.6	10.7	-31.6	-39.9	-48.4	-37.9	-35.6	-37.9	--
Non-residential	38.1	17.1	6.5	28.0	-11.5	28.9	-50.5	20.4	--

Alberta Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). Year-to-date value is actual 2008. The October population estimate is also the 2009 year-to-date value.

[2] Total income earning in Alberta including wages and salaries, and supplementary income.

[3] Average of Calgary and Edmonton.

[4] 2008 based on initial investment intentions, 2007 preliminary actuals.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Autumn 2008)											
Real GDP Growth											
2007 (actuals, Statistics Canada)	**2.7%**	9.1%	2.4%	1.7%	1.7%	2.7%	2.3%	3.3%	2.5%	**3.1%**	3.0%
2008	**0.7%**	1.5%	0.7%	1.5%	1.0%	0.9%	0.2%	2.7%	5.2%	**1.2%**	1.2%
2009	**1.5%**	-0.7%	1.3%	1.0%	0.8%	1.5%	0.8%	2.4%	3.6%	**2.6%**	1.8%
Population (As of October 1, 2008)											
Population	**33,441,277**	508,944	140,750	939,125	747,790	7,771,854	12,977,059	1,210,547	1,020,847	**3,610,782**	4,405,534
Annual Growth Rate[a]	**1.19%**	0.30%	1.54%	0.26%	0.19%	0.87%	1.07%	1.10%	1.49%	**2.36%**	1.64%
Net Interprovincial Migration											
2008 Census Year (July 1 2007 to June 30 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
3rd Quarter (July 1 to September 30 2008)		823	127	-722	-741	-3,046	-3,200	-1,515	2,064	**4,927**	1,484
Employment											
Level Change (000s)[b]	**259.4**	3.2	0.9	5.6	3.4	30.0	93.5	10.2	11.0	**53.8**	47.9
Percent Change[b]	**1.5%**	1.5%	1.3%	1.2%	0.9%	0.8%	1.4%	1.7%	2.2%	**2.8%**	2.1%
Unemployment Rate, 2008 avg	**6.1**	13.3	10.8	7.7	8.6	7.2	6.5	4.2	4.1	**3.6**	4.6
Participation Rate, 2008 avg	**67.8**	59.5	68.7	63.9	64.8	65.7	68.1	69.6	69.7	**74.7**	66.6
Average Weekly Earnings (SA)											
October 2008	**801.24**	749.38	654.72	698.58	740.87	755.03	830.83	727.73	765.75	**888.73**	777.98
% Increase[c]	**2.9%**	3.8%	2.1%	2.3%	3.4%	2.5%	2.5%	3.0%	4.5%	**4.9%**	2.1%
Wage Settlements (November 2008)										**4.8%**	
CPI Inflation											
December Annual	**1.2%**	1.2%	0.0%	-0.2%	-0.6%	0.5%	1.5%	1.9%	2.6%	**1.9%**	1.2%
Excluding Shelter	**0.4%**	0.0%	-0.4%	-0.8%	-1.1%	-0.2%	0.5%	1.0%	0.4%	**0.6%**	0.8%
Housing Starts (000s)											
SAAR December 2008	**177.3**	3.6	0.9	3.9	3.1	43.8	64.0	7.0	5.6	**21.0**	24.3
Retail Sales											
Percent Change[d]	**4.1%**	8.5%	5.4%	4.9%	5.2%	5.3%	4.3%	7.9%	11.7%	**0.6%**	1.4%
Avg. Monthly % Change (Jan-Nov 2008)	**-0.1%**	0.4%	0.5%	0.2%	0.2%	0.2%	-0.1%	0.2%	0.4%	**-0.3%**	-0.5%
Manufacturing Shipments											
Percent Change[d]	**0.1%**	32.8%	-3.3%	11.3%	18.8%	2.3%	-4.6%	1.8%	19.3%	**8.4%**	-6.5%

a. Over the past 12 months
b. January 2008 to December 2008
c. January 2008 to October 2008 (YTD)
d. January 2008 to November 2008 (YTD)
SA-Seasonally Adjusted
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada

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